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3 Source: Labour Force, Australia, April 2020

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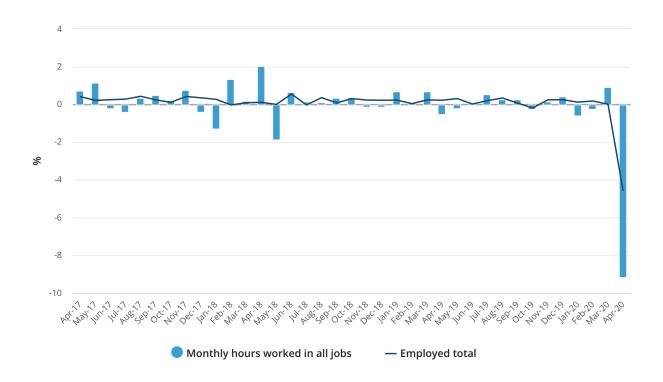
Early impacts of COVID-19 were seen in hours worked data in early March, prior to the extensive social distancing measures, shut-downs of non-essential services and trading restrictions that came into effect later in the month.

While these major changes had a considerable impact on employment, the effect on hours worked was particularly pronounced. Hours worked reduced by 9.2% between March and April in seasonally adjusted terms, which was double the decrease in employed people (4.6%).

Hours worked and employment

Charts 1, 2 and 3 show the monthly changes in seasonally adjusted hours worked and employment, with the large, unprecedented drop in hours worked in April.

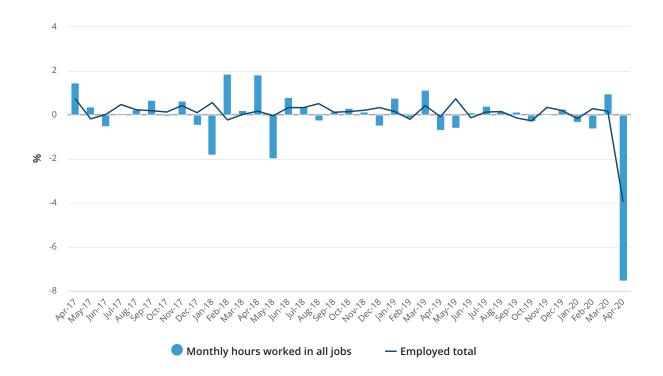
Chart 1: Change in employment and hours worked



Source: <u>Labour Force, Australia (https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6202.0Apr%202020?OpenDocument)</u> Tables 1 and 19

The reductions in hours worked were greater for women than for men, with female hours reducing by 11.5%, compared to a 7.5% reduction in male hours worked.

Chart 2: Change in employment and hours worked, Males



Source: <u>Labour Force, Australia (https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6202.0Apr%202020?OpenDocument)</u> Tables 1 and 19

Chart 3: Change in employment and hours worked, Females



Source: <u>Labour Force, Australia (https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6202.0Apr%202020?OpenDocument)</u> Tables 1 and 19

Hours worked ranges

The overall reductions in hours worked can also be considered in terms of changes in the number of people working within various hours ranges.

Table 1 shows the distribution of employed men and women across the hours worked categories in April, compared with the previous 5 years, to control for seasonality. Controlling for seasonality in April data is more difficult than in other months, because of variation in the timing of Easter, and school holidays (and the effect these holidays have on hours worked).

There was a larger percentage of employed males and females who worked zero hours in April 2020, compared to previous years. Smaller proportions were seen across all other

categories, with the decline more pronounced in the 1-19 and 20-34 hours ranges.

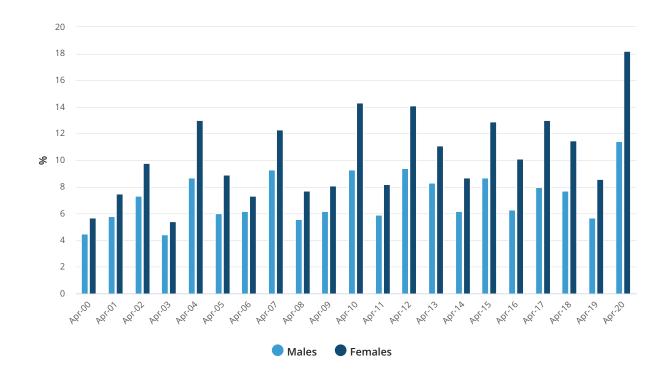
Table 1: Distribution of hours worked, Males and Females

| N | /lales | Females | | | | | | | | | | | |
|--------|------------|-------------|---------------|--------------|--------------|-------------|------------|-------------|--------------|--------------|--------------|----------|--|
| | 0 hours 1- | 19 hours 20 | 1-34 hours 35 | -44 hours 45 | -59 hours 60 |)+ hours | 0 hours 1- | 19 hours 20 | -34 hours 35 | -44 hours 45 | -59 hours 60 |)+ hours | |
| Apr-15 | 8.7% | 11.0% | 34.9% | 26.9% | 12.1% | 6.4% Apr-15 | 12.9% | 23.1% | 39.1% | 17.5% | 5.6% | 1.9% | |
| Apr-16 | 6.3% | 9.9% | 15.0% | 38.8% | 20.4% | 9.7% Apr-16 | 10.1% | 20.7% | 26.1% | 31.4% | 8.7% | 2.9% | |
| Apr-17 | 8.0% | 10.5% | 24.4% | 32.9% | 16.3% | 7.9% Apr-17 | 13.0% | 21.4% | 32.6% | 24.2% | 6.4% | 2.5% | |
| Apr-18 | 7.7% | 10.6% | 25.8% | 32.1% | 16.0% | 7.8% Apr-18 | 11.5% | 21.8% | 33.9% | 23.6% | 7.0% | 2.3% | |
| Apr-19 | 5.7% | 10.0% | 15.5% | 40.5% | 19.5% | 8.8% Apr-19 | 8.6% | 19.5% | 28.9% | 32.1% | 8.1% | 2.7% | |
| Apr-20 | 11.4% | 10.3% | 22.0% | 35.1% | 14.5% | 6.6% Apr-20 | 18.2% | 18.5% | 28.6% | 25.7% | 6.9% | 2.1% | |

Source: <u>Labour Force, Australia, Detailed (https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6291.0.55.001Apr%202020?OpenDocument)</u> Table 9

Chart 4 shows that the proportions of employed males and females who worked zero hours were greater in April 2020 than in any April over the past 20 years.

Chart 4: Proportion of employed working zero hours



Source: Labour Force, Australia, Detailed (https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/

Underemployment

The impact of the reduction in hours can also be seen in the underemployment rate, which increased by 4.9 pts to a historical high of 13.7%. The number of underemployed people increased by over 600,000 in April 2020, to 1.8 million people.

Historically, the female underemployment rate has been noticeably higher than the male underemployment rate. However, the increase in the male underemployment rate (5.5 pts) between March and April was much larger than the increase in the female underemployment rate (4.2 pts). As a result, the male and female underemployment rates in April were closer than they were previously, with the female rate at 14.8%, and the male rate at 13.7%.

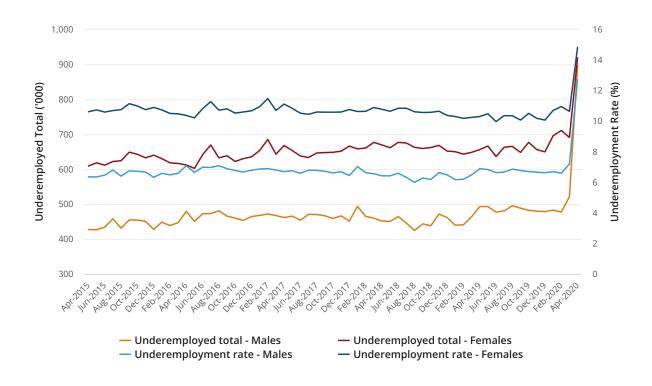
The much larger rise in underemployment for men can largely be attributed to the full-time/part composition of the workforce and the make-up of the underemployed population. Employed people are considered underemployed if:

- they are part-time and would like to work more hours and are available to do so; or
- they usually work full-time, but worked part-time (i.e. less than 35 hours) in the reference week, for economic reasons (e.g. they were stood down, or there was insufficient work or no work available).

As women are far more likely than males to work part-time, many more females are underemployed according to the first of the two criteria. As more men are employed full-time, more males than females are underemployed due to the second criterion.

Given the major change in hours worked in April, much of the increase in underemployment can be attributed to an increase in full-time people working part-time (or no) hours for economic reasons.

Chart 5: Underemployed and Underemployment rate, Males and Females



While underemployment helps to provide an indication of spare capacity in the labour market, and demonstrates some of the large impacts on the labour market between March and April, it does not include all people whose hours were reduced.

In addition to the two groups highlighted earlier, there is an additional group of employed people who worked less than their usual hours for economic reasons. These are employed people who:

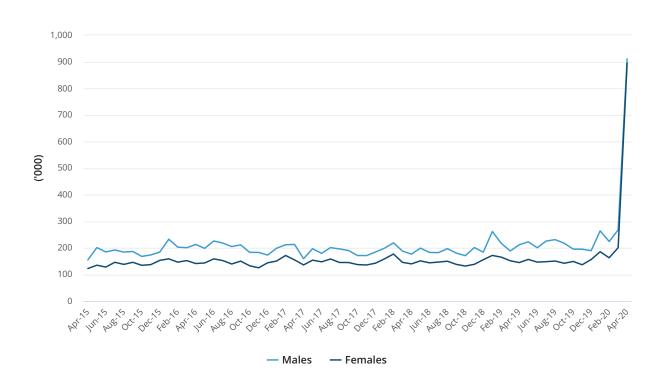
- worked less than their usual hours for economic reasons, but still worked 35 hours or more (i.e. they were still full-time); and
- part-time and worked less than their usual hours, for economic reasons.

The following chart shows the number of males and females working fewer than their usual hours, or no hours at all. There were around 1.8 million people who worked fewer than their usual hours for economic reasons in April 2020. This comprises:

• around 750,000 'underemployed full-time workers';

- over 150,000 full-time workers who remained full-time; and
- almost 900,000 part-time workers.

Chart 6: Employed people working fewer than their usual hours, or no hours at all



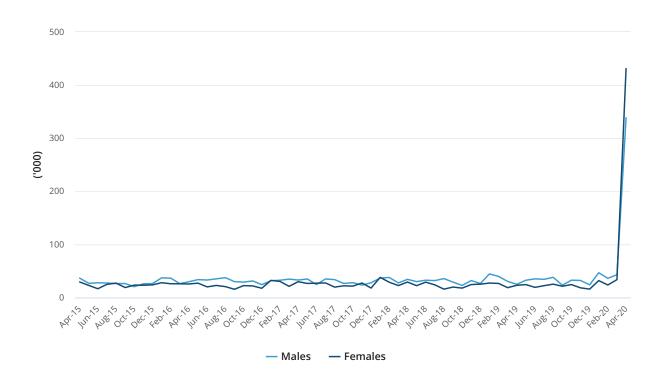
Source: <u>Labour Force</u>, <u>Australia</u>, <u>Detailed</u> (<u>https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6291.0.55.001Apr%202020?OpenDocument</u>) <u>Data Cube EM2a</u>

Of these 1.8 million employed people who worked less than their usual hours for economic reasons:

- over 750,000 did not work at all; and
- over 1 million people worked some hours, but fewer hours than they would usually work.

The number of people working zero hours for economic reasons accounted for roughly half of the total number of people working fewer hours, as shown in chart 7.

Chart 7: Employed people working zero hours, Males and Females



Source: <u>Labour Force</u>, <u>Australia</u>, <u>Detailed</u> (<u>https://www.abs.gov.au/AUSSTATS/abs@.nsf/DetailsPage/6291.0.55.001Apr%202020?OpenDocument</u>) <u>Data Cube EM2a</u>

Flows between hours worked categories from March to April

Table 2 shows the proportion of people in each of the hours worked categories in April by their hours of work in the previous month.

It shows that of the employed people who worked zero hours in April:

- 13% also worked zero hours in March (indicating that they must have been paid for at least some of the past 4 weeks);
- half (50%) had worked part-time hours (i.e. less than 35 hours) in March;
- around one in five (22%) worked 35-44 hours in March; and
- one in ten (10%) worked 45 or more hours in March.

Table 2: Proportions of hours worked in March and April

| Hours worked in April | | | | | | | | | |
|-----------------------|---------|------------|-------------|-------------|---------------|----------|--------------|--|--|
| Hours worked in March | 0 hours | 1-19 hours | 20-34 hours | 35-44 hours | 45-59 hours 6 | 0+ hours | Not employed | | |
| 0 hours | 12.8% | 4.7% | 3.9% | 3.4% | 3.6% | 2.3% | 1.5% | | |
| 1-19 hours | 24.7% | 47.3% | 8.7% | 2.8% | 2.4% | 1.5% | 4.69 | | |
| 20-34 hours | 25.2% | 26.0% | 42.8% | 14.9% | 7.5% | 4.4% | 2.7% | | |
| 35-44 hours | 21.6% | 11.1% | 34.6% | 63.3% | 28.8% | 11.4% | 1.9% | | |
| 45-59 hours | 7.7% | 3.6% | 6.4% | 12.1% | 46.3% | 26.4% | 0.5% | | |
| 60+ hours | 2.5% | 1.2% | 1.5% | 2.1% | 10.3% | 53.2% | 0.2% | | |
| Not employed* | 5.5% | 6.1% | 2.2% | 1.4% | 1.0% | 0.9% | 88.6% | | |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | | |

^{*} Not employed includes all people who were unemployed or not in the labour force.

Source: Labour Force unpublished data.

Technical note

Hours worked for March are derived based on information from the first two weeks of the month and do not account for the large drop in hours in late March. The ABS will produce a modelled estimate of hours lost in late March, resulting from the extensive social distancing measures, shut-downs of non-essential services and trading restrictions that came into effect later in March, and will incorporate this into the March 2020 quarter of the National Accounts and the Labour Accounts.

Further information

For further information, email <u>labour.statistics@abs.gov.au</u> (<u>mailto:labour.statistics@abs.gov.au</u>).